



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS AND RECOMMENDATIONS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
ENERGY FACILITY PERMITTING STAFF**

DOCKET NO. IP6605/WS-06-1445

Meeting Date: January 11, 2007

Agenda Item # _____

Company: **Kenyon Wind, LLC**

Docket No. **IP6605/WS-06-1445**

**In the Matter of the Application of Kenyon Wind, LLC for a Large Wind
Energy Conversion System Site Permit for a 18.9 Megawatt Wind Farm in
Goodhue County**

Issue(s):
1. Should the Commission accept the Kenyon Wind, LLC, application for
a Large Wind Energy Conversion System (LWECS) site permit as
complete?
2. Should the Commission designate a public advisor?
3. Should the Commission issue a draft LWECS site permit?

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Relevant Documents (in Commission Packet)

Kenyon Wind, LLC LWECS Site Permit Application December 15, 2006

The enclosed materials are work papers of the Department of Commerce Energy Facility Permitting Staff. They are intended for use by the Public Utilities Commission and are based on information already in the record unless otherwise noted.

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(Note: Relevant documents and additional information can be found on eDockets (06-1445) or the PUC Facilities Permitting website at (<http://energyfacilities.puc.state.mn.us/Docket.html?Id=18946>).

Statement of the Issues

Should the Commission accept the Kenyon Wind, LLC application for a Large Wind Energy Conversion System (LWECS) site permit as complete? Should the Commission designate a public advisor? Should the Commission issue a draft LWECS site permit?

Introduction and Background

On December 15, 2006, Kenyon Wind, LLC, filed an LWECS site permit application pursuant to the requirements of Minnesota Rules Chapter 4401 (Wind Siting Rules).

Applicant and Project Ownership

The Applicant is a Minnesota-based Limited Liability Company. Kenyon Wind does not own nor have financial interests in any other LWECS projects in Minnesota.

The Applicant is coordinating development, equity financing, and management of the project with Edison Mission Energy, Inc., a California based, wholly owned subsidiary of Southern California Edison. Edison Mission Energy (Edison) has more than \$6 billion in energy assets worldwide and provides financial, development, independent power production, operating and energy trading services across the United States. Edison, its affiliates and subsidiaries are one of the largest owners and purchasers of wind energy facilities in the United States. Edison has financial and ownership interests in many wind projects in Minnesota.

The Kenyon Wind project is a Community Based Energy Development (CBED) project. Ownership of the Kenyon Wind project will be shared among the 9 Limited Liability Companies which comprise Kenyon Wind, LLC, and Edison and/or its affiliates. The Commission has reviewed the Kenyon Wind power purchase agreement (PPA) with Xcel Energy in docket E-002/M-06-1196.

Project Location

Kenyon Wind, LLC, proposes its wind facility in Kenyon and Cherry Grove townships in Goodhue County. The project site is 2 to 3 miles east of Kenyon. The proposed project site is approximately 7,000 acres, of which approximately 55 acres will be permanently disturbed by turbine access roads, wind turbines, or the project substation. The Applicant has secured land and wind easements or options on approximately 1,100 acres within the proposed site. The proposed site comprises primarily agricultural lands.

The Kenyon Wind project will be the first utility scale wind facility in Goodhue County.

Project Description

The proposed Kenyon Wind project is an 18.9 Megawatt (MW) Large Wind Energy Conversion System (LWECS) consisting of 9 Suzlon Energy S-88 wind turbine generators, each 2.1 MW in generating capacity. The proposed turbines will have an 80 meter (262 feet) hub height and a rotor diameter of 88 meters (289 feet). Each turbine will be connected via electrical cables either underground or overhead to a project substation. The project will deliver electricity to Xcel Energy via an interconnection to Xcel's transmission system.

Regulatory Process and Procedures

A site permit from the Commission is required to construct a LWECS, which is any combination of wind turbines and associated facilities with the capacity to generate five megawatts or more of electricity. This requirement became law in 1995. Minnesota Statutes 216F.01 through 216F.07.

Application Acceptance and Public Advisor.

Minnesota Rule 4401.0460 states that: "Within 30 days after receipt of an application for a site permit, the PUC shall accept, conditionally accept, or reject the application." The LWECS site permit application information required are contained in Minnesota Rule 4401.0450.

Minnesota Rule 4401.0470 states: "Upon acceptance of an application for a site permit, the PUC shall designate a staff person to act as the public advisor on the project."

Preliminary Determination and Draft Site Permit.

Minnesota Rule 4401.0500, subpart 1 states that: "Within 45 days after acceptance of the application by the PUC, the PUC shall make a preliminary determination whether a permit may be issued or should be denied. If the preliminary determination is to issue a permit, the PUC shall prepare a draft site permit for the project. The Draft Site Permit must identify the permittee, the proposed LWECS, and proposed permit conditions."

If a draft permit is approved by the Commission, the DOC EFP staff then schedules and hosts public meetings and a public comment period.

DOC EFP Staff Analysis and Comments

Application Acceptance

The December 15, 2006, Kenyon Wind, LLC, LWECS site permit application has been reviewed by DOC EFP staff pursuant to the requirements of Minnesota Rules Chapter 4401 (Wind Siting Rules). The application is complete and provides all of the information required by Minnesota Rule 4401.0450. Acceptance of the Application will require the Applicant to notify local governmental units and landowners of the Application and will initiate review requirements under Minnesota Rules Chapter 4401.

Preliminary Determination

Staff analysis of the site permit application suggests that a preliminary determination as to whether a permit may be issued should not be made at this time. The application indicates that turbines 1 – 4 in the proposed layout will not comply with a 3 Rotor diameter (RD) by 5 RD wind access buffer setbacks established in previous PUC-issued LWECS site permits (see Application, pg.17). Kenyon Wind is requesting to reduce wind access buffer setback distances to lands or wind rights not under its control.

The wind access buffer is a key element in LWECS permits; wind access buffers ensure that a wind project does not create turbulence at levels that prevent a neighboring wind rights owner from developing a wind energy facility on the adjacent lands.

Delaying the determination will allow EFP staff to work with the Applicant to provide the Commission greater information and specificity on which to base a decision. DOC EFP staff will bring this matter back to the Commission within the 45-day period specified in Minnesota Rule 4401.0500, subpart 1. This is the same approach the used in the MinnDakota Wind LWECS site permit process in 2006 (PUC Docket PT 6530/WS-06-157).

Commission Decision Options

1. Application Acceptance

- A. Accept the Kenyon Wind, LLC, application for a site permit as complete under the requirements of Minnesota Rule, part 4401.0450.
- B. Reject the application and advise the applicant in writing of the deficiencies in the application and the manner in which the deficiencies can be addressed.
- C. Make some other decision deemed more appropriate.

2. Public Advisor Appointment

- A. Appoint Deborah Pile of the DOC EFP staff as the public advisor on the project under Minnesota Rules, part 4401.0470.
- B. Make some other decision deemed more appropriate.

3. Preliminary Determination and Draft Permit Issuance

- A. Delay making a preliminary determination to issue a draft site permit for the project.
- B. Make some other decision deemed more appropriate.

DOC EFP Staff Recommends: Staff recommends options 1A, 2A and 3A.